

**MINUTES
OF THE ARIZONA STATE TRANSPORTATION BOARD
STUDY SESSION**

**9:00 a.m., Friday, December 19, 2008
City of Tucson Council Chambers
255 W. Alameda
Tucson, Arizona 85745**

CHAIRMAN SCHORR: Good morning, and welcome to this meeting of the Arizona State Transportation Board. We will begin by reciting the Pledge of Allegiance.

[The Pledge of Allegiance is recited.]

CHAIRMAN SCHORR: Mary, would you take roll call?

MARY CURRIE: Si Schorr, Delbert Householder, Bill Feldmeier [absent], Felipe Zubia, Bob Montoya, Victor Flores, and Bobbie Lundstrom. Bobbie should be calling to join the meeting.

CHAIRMAN SCHORR: Our agenda is divided into two separate sections. The first part of the agenda is a Study Session on which we have four Items, the first of which might require a motion to table, as Board member Bill Feldmeier could not be with us today and is particularly interested in the subject. I think it might be best to hold this Item until our January 2009 meeting. Do I hear a motion?

[The **motion**, moved by Si Schorr and carries unanimously in a voice vote.]

CHAIRMAN SCHORR: We will then have this Item updating "Public Private Partnerships in rest areas" at our January 2009 meeting.

ITEM 2: Financing options for statewide transportation improvements – John McGee

The next Item on our Study Session agenda is "Financing options for statewide transportation improvements." State representative Phil Lopes has asked that we address this Item, and John McGee has provided us with memos on the subject. John, would you talk about this Item?

JOHN MCGEE: Good morning, Mr. Chairman, members of the Board. You should have in your packet, under tab #7, a four-page report, which contains a schedule we put together on potential statewide financing and revenue options. These numbers were put together about a year and a half ago, as part of the events that ultimately led up to the Time Coalition Initiative, just to look at different alternatives.

These options were reviewed by the Board at the February 2008 Study Session in Phoenix. Due to the fact that they were assessed a year and a half ago, some of these numbers may be a little over or understated, at least in terms of the one-year estimate. However, I think the long-term estimates do give a good projection for the dozen or so transportation revenue-generating alternatives that are generally either utilized or contemplated by the various states.

The final two pages of the schedule look at revenue-generating ideas that states are implementing or considering implementing, but because of their nature, it's really impossible to generate even an order of magnitude estimate for these kinds of ideas. These include public/private partnerships – for example, how many of them could be implemented, where should they be located. These also include toll roads, "hot lanes," vehicle miles traveled, congestion pricing, value caps, and other ideas.

So instead of trying to generate a more specific revenue level, as we did for the options on the first two pages, we categorized these according to whether we felt their revenue-generating potential is in a low, medium, or high range. Our sense is that, over a 20-year period, "low" would be somewhere between zero and \$5 billion; "medium" would be between \$5-10 billion; and "high" would be over \$10 billion in revenues over that time.

Again, these are the various options, and most of them are self-explanatory. There are one or two features I'd like to point out, as they may look a little odd. On the first page, second item from the bottom: we say "increase annual car registration by \$39," and it's reasonable to ask how we arrived at \$39. That is the amount that a car registration in Arizona would have to cost in order to give us a total of \$47 per vehicle, and be at the average registration level of all states. The national average is \$47; in Arizona its \$8.

The remaining options are pretty straightforward. Numbers two and three involve indexing of fuel taxes: the first one is the option of indexing fuel taxes to the US GDP, and the second is indexing fuel taxes to the Arizona GDP.

You might ask why there is so much more of a "kick" there, and the reason is very simple: Arizona is a very high-growth state, so our State Domestic Product grows at a much higher percentage rate than the U.S. average. Over a 20-year period, if you were to index this fuel tax to the state GDP, you would get much more revenue. With that, I'd be happy to answer any questions.

CHAIRMAN SCHORR: Are there any questions from the Board? With the Board's indulgence, I'd like to ask Representative Phil Lopes to discuss this issue further.

REPRESENTATIVE LOPES: Thank you, Mr. Schorr, for the opportunity to have a few minutes to share my thoughts with you all. That's precisely why I'm here, to share some thoughts and get some possible reactions from you. I'll be as brief as possible.

After the Time Initiative failed, there was a lot of discussion amongst us elected officials about what we might do next. In mid-November, there was a conference in Phoenix on

Arizona's infrastructure needs for the year 2030. Obviously one of the infrastructure needs we have in this state is transportation. There were a number of ideas "floated about" at that conference, some of them akin to what we had discussed at the Time Initiative failure. As a result of the conference and the discussions, I've come up with some tentative ideas about a bill I'd like to introduce at the incoming session. I'd like to share my thoughts about that bill with you today, and get some feedback, either now or later.

In my research, it seems that one of the options is something called a "vehicle miles traveled" approach. You all know more about that than I do, but taxes on gasoline would be paid by an individual based on the actual number of miles driven. I'm told by the experts in this business that we're still several years away from implementing that sort of a notion; but if one agrees that fuel tax should be paid based on the actual number of miles driven – if we can get to the point where each vehicle, each person is assessed in this manner, that would be a good way of moving forward.

However, since that is several years away and we have a problem right now with financing transportation in this state, what I'd like to propose is that we ratchet up, over a three or four-year period, the Vehicle Use and Fuel Tax. We would do this by three or four cents each year. If we did that, in three or four years we would get to what the national average is; I think it's 47 or 49 cents. If we increased this by three cents a year, then in the first year, we'd get a billion dollars.

In addition to raising this tax three or four cents annually, there would be a separate accompanying action that would index the fuel tax to the GDP index factor for Arizona. As Mr. McGee pointed out, that's the third Item down, "Index Fuel Taxes to Arizona's GDP." We would be indexing the fuel taxes after the three or four years at three or four cents increase each year. That would generate what we might not all agree is an adequate amount of funding, but it certainly would be a significant increase.

I don't know what kind of support there will be for this. I know that the Pima Association of Governments has asked legislators from Pima County to introduce something like this; when we did that a few years ago, it didn't go anywhere. I have no illusions about this bill going anywhere, but we will, in fact, be able to keep this discussion going about what we do to fund transportation. If nothing else happens, at least the discussion will keep going if we move forward on a proposal like this. That's all I have, Mr. Chairman. I'd be happy to take any questions or comments.

CHAIRMAN SCHORR: Thank you. Are there any questions for Representative Lopes? Thank you for coming, we appreciate it.

It's apparent to me, having gone through the Time Initiative process, that relying only on the 1% sales tax, in retrospect, was not the very best idea. To me, a user tax is undoubtedly the best type of tax to exact if you want to enhance transportation programs. But we're going to face having to rely on a variety of different funding sources for transportation in the future. The problem with the fuel tax, or use tax, is that under the

Constitution, it's restricted to highway purposes only; so if you're looking, as we must, for a multi-modal solution, you'll have to have other funding sources. Are there any comments by the Board members?

DIRECTOR MENDEZ: If I may comment, Mr. Chairman, it's very encouraging to see our leaders taking the lead on this issue. I'd like to comment that, regarding the Time Initiative and some similar efforts, there were a lot of critical comments about whether this was the time to rule on such an initiative, given the current state of the economy. But I think if you look at what has happened on a national basis, there have been many transportation initiatives nationally that included sales tax increases, bonding initiatives, things like that, and 78% of them passed. I think this came to 38 initiatives total. So to me, it's encouraging that even though the economy isn't doing well, we recognize the importance of transportation to the economy, now and in the future. We need to keep this issue in front of the public and make some headlines with it.

CHAIRMAN SCHORR: Any further questions or comments? If not, let's move on to our next Item, which is Item #3, "Expediting Project Funding."

ITEM 3: Expediting Project Funding – Rakesh Tripathi

RAKESH TRIPATHI: Good morning, Mr. Chairman, members of the Board, Director Mendez, Deputy Director Travis. Two meetings ago, the Board approved using local participation as a criterion for expediting projects and encouraging local participation in our process. That I'm recommending to day is that the Board adopt an interim recommendation where we do a pilot project to incorporate the Board's direction, using a point system for selecting projects based on local participation, and that would be two points for every additional 5% of local participation. When I say local, it could be public or private. What this does is stretches our tax dollars, giving us a bigger "bang for our bucks," and hopefully expedite the project so all funding will be available ahead of time rather than later.

There are pros and cons to this proposal. You all have had a memo describing them. I think a pilot project would give us a chance to study that after they have been implemented for a year, and we can see how well the new point system works and can report to the Board about it. My recommendation to the Board would be to adopt an interim point system for the selection of these projects in a five-year construction program. While this interim recommendation is in effect, we'll also be looking at the long-range plan and the programming process, and through that process, looking at performance measures. Performance measures are the foundation for a lot of these selection matrices and point systems that have been instituted already. We will come back to the Board as part of the long-range plan's update, and present the selection criteria that were developed through this long-range update process. My recommendation to the Board is to go ahead and adopt this interim recommendation, with the caveat that we'll revisit it next year and give a report on its success, so the Board would have an opportunity to determine whether or not to retain it for the long run. Thank you.

CHAIRMAN SCHORR: Any discussion or questions by Board members?

BOB MONTOYA: Mr. Chairman, Mr. Tripathi – is there a lot of interest in that?

RAKESH TRIPATHI: As far as I can recall, there is one strong interest from Yavapai County, but then I think there are a lot of others who would be encouraged if this policy is adopted on an interim basis. This is tremendous encouragement for local communities to bring extra funds forward to take their projects to the construction stage sooner rather than later.

BOB MONTOYA: How would that impact, if it did impact, any of the projects that other counties would be in line to do at the same time? With our limited funding, how would that impact other counties?

RAKESH TRIPATHI: Chairman Schorr, Mr. Montoya, we don't know yet. This is precisely the reason why I am asking for this to be done on an interim basis, so we can come back to you and report on the successes and lessons learned by doing this.

CHAIRMAN SCHORR: Further questions or comments? Thank you very much, Mr. Tripathi.

ITEM 4: Transportation Economic Recovery Package – Floyd Roehrich

Next on the agenda is Item 4, "Transportation Economic Recovery Package."

FLOYD ROEHRICH: Good morning, Mr. Chairman, members of the Board, Mr. Mendez and Mr. Travis. I'll give you a quick update on where we are in developing a list of projects that have potential to be either advanced or advertised and immediately move into construction, to meet the conditions of any economic recovery funds that we may receive.

I've handed out a list of the projects that were originally developed and were posted publicly on the website, and to the media, last week. The catch to that is the list of projects has been updated: some of the projects have been modified, some have dropped off, and some have been added. This is an evolutionary process, as we continue to evaluate potential for projects to be brought into any type of economic recovery program or funds that we receive. The list continues to be studied to determine if the projects meet the criteria that have been established through conversations with legislative leaders and other personnel. A quick background: I'd just like to go over a few points, and then we can answer any questions and review the project more specifically.

As Congress and the incoming administration are starting to develop what they feel is an economic recovery plan, a lot of information has started to work its way into the media and be coordinated through the legislative leadership. The economic recovery plan will

have a very broad component for stabilizing the economy and helping to bring growth into all sectors, and it has a transportation component. We're discussing the basic criteria with the leadership, and have found that many projects are ready to go and meet all federal requirements for environmental and other clearances, as well as meeting the federal bidding and contracting processes. We're looking for ways to expedite and streamline these projects and work with our partners at the federal level. There will be no conditions that eliminate the need to meet those requirements, but we need to be able to meet them in a way that shows they are ready for bids, and ready to begin "turning dirt" within 90-120 days. It's a very quick turnaround to create jobs and get these projects moving forward.

As part of these criteria, and looking at the federal funding and evaluating the existing federal and state transportation infrastructure for the use of these funds, the starting point we used was the five-year construction program. This means the priority project list is set by the Transportation Board in coordination with the local governments. We looked at what we can move forward on within the five-year program, and what can be advanced in order to use these funds; this was used as our baseline. In addition, we used the criterion of projects that could be awarded and under construction within about 90-120 days.

We looked at additional projects of opportunity that could be captured at that time, including a significant number of pavement preservation projects and smaller projects that could meet both the clearance and bid-ready requirements necessary to fit into the time frame. So that list is continuing to be evaluated and developed. It won't be a fluid list, but it'll be a list that's continually being updated and refined as we move closer to any type of a bill or other action that will provide this funding.

The other part we've looked at includes projects where we've been working with local governments, where we provide a funding source through the State to what might be a local government project, where they share partial funding with us. We looked at whether those projects could meet the criteria of being bid-ready and meeting all additional clearances necessary to be under construction within 90-120 days. We're looking at adding joint projects like these to the list as well. So we're continuing to work through our District Engineers with local governments to establish this list.

With these criteria, one thing we noticed was the distribution of qualifying projects wasn't going to be equitably distributed around the state. I know there's a lot of emphasis on trying to address the aging infrastructure statewide, but with these criteria to capture the optimum amount of funding available, and in developing this list, we didn't make our assessment based on equitable distribution at this point. Our thoughts were, and our goal is, by capturing this federal aid and getting these projects included in an economic recovery plan, it has the potential to free up additional funds that are invested in the program so they can come back through the Board process for reprioritization. This can result in a cascade effect that may allow us to look at a more equitable distribution, either of other projects that could be advanced or projects that could be added into this program at a later time.

So as we moved forward with developing this list, we continued to look at what projects could meet the criteria, as well as being bid-ready and able to be underway in 90-120 days. The list you have is the most current list that was published; you also have the updated list of projects that have been added or deleted or otherwise modified.

The other part to this is, we don't know what other conditions or requirements might be in the recovery program until there is a bill. We also don't know what funding level we have, so we've not tried to cap it at a dollar amount, we've tried to evaluate according to criteria that say we can get the project under construction quickly while meeting federal clearances and bidding requirements.

We've had correspondence with local governments, who have wanted to expand our list with local projects, but to this point we're not adding local projects that aren't jointly funded with the State. We feel that our lists are more likely to meet the conditions that we're hearing from the Congressional leadership and Staff that we've been working with, to ensure that the project can create the jobs and benefit from the funding that's expected to be available. That's a brief background on where we are and how the project list came to be. I'll be glad to take any questions or go into more specifics.

CHAIRMAN SCHORR: I'll lead off. The list I've read shows, statewide, an amount of \$869 million. This is in the context of providing information to the federal government so if they're going to do an economic stimulus package that involves infrastructure and highways, we would be one of the states lined up to submit our request – am I correct?

FLOYD ROEHRICH: Yes, sir.

CHAIRMAN SCHORR: Have the federal or legislative authorities put out any conditions in writing, saying what projects would be considered? We know that they have to be "shovel-ready," whatever that may mean, but have they put out a list stating what kinds of highway projects they will or won't consider?

FLOYD ROEHRICH: Not in writing, but in conversations between our leaders and Congressional leaders and Staff, there has been a lot of discussion centered on this, as well as other conditions. The sense that I'm getting, after having been briefed by our leaders, is that it's on the State or federal system and meets the full federal requirements.

CHAIRMAN SCHORR: Have federal authorities said that it must be on the federal system?

FLOYD ROEHRICH: Not that I'm aware of.

CHAIRMAN SCHORR: Then why do we assume that? Because the corollary to my question is, as a consequence of the list that I've seen, of the \$869 M, Pima County's share amounts to less than \$20 M. I'm sure that if others have a chance to look at some of the other counties, they would see several great disproportions between the various counties.

We know that it's impossible to ensure equity, but I don't understand why we haven't tried to broaden the list to include any possible projects that might be shovel-ready and available. For example, we got a letter from the Mayor of Prescott the other day, in which he makes a few good points:

"Counties and municipalities rely upon ADOT for technical expertise and effective representation in national transportation matters. Accordingly, we request that these and all other project needs of local government statewide be included in any formal response ADOT may make to the federal government regarding an economic stimulus program." To jump ahead: "We further request that a federal/state funding swap mechanism be investigated by ADOT, similar to the recently suspended swap program to make federal economic stimulus dollars available for the Arizona counties and municipalities where they are needed."

I had a brief conversation this morning with the town engineer of Oro Valley, in which he basically says the same thing. It seems to me that as long as the federal government has not come up with a detailed list of conditions, it behooves ADOT to expand their list to include any projects that might conceivably be considered by the federal government. As long as they haven't issued any rules or regulations with respect to what their conditions are, we should not self-impose any constraints by not asking for more than what the federal government may reasonably be willing to grant. Are there any further questions or comments?

DIRECTOR MENDEZ: Mr. Chairman, I think you've raised a very good point. What you have in front of you today are the projects you have authority over within the five-year program, and that's what we used for the framework to identify, from a practical standpoint, what projects are ready to go in the next three to six months. What we have done through the Governor's office is to go out to the various cities and towns and look at the various street projects, waste water projects – anything that's infrastructure-related. You don't have that particular list, as it's still very preliminary. We thought, given the realm of the Board, that we should bring you what's in the five-year program. But there are other experts on a statewide basis, outside of the ADOT realm, where they're doing what you're talking about, going beyond just the state highways and looking at local streets, cities, light rail and transit issues. There's this extensive list out there.

I think the caveat to all this is we don't want to come up with a wish list that includes "bridges to nowhere." I believe a couple of weeks ago, at the national level, there was a list submitted to President-Elect Obama that included duck ponds and the like, and those are the kinds of things we need to avoid, because, as we scrub these lists down, there will be the tendency for a lot of us to put in everything. There are no written criteria. The only criterion that we've talked about has been ready to go within three to six months. Really, what that means, at least in our framework, is that all the environmental clearances need to be in place. If you don't have that right now, it's very difficult to have anything ready to go. But on the broader basis, you are correct, and that is being worked on.

CHAIRMAN SCHORR: I have reviewed the list that the Pima Association of Governments has submitted, many of which items don't appear on this list. I haven't seen any bridges to nowhere on that list -- I think they're all genuine, necessary projects. I would hope that those projects, assuming they meet the shovel-ready standard, could be included on the list. Likewise, I assume that the other jurisdictions represented on the Board will be able to see that their qualifying projects are also added to the list, so the list becomes far more comprehensive than the one we've initially reviewed.

FLOYD ROEHRICH: Yes, sir. As I said, if you look at the last page of the list, you'll see that a number of projects have been added onto it -- I see at least three that are in Pima County. As we continue to identify those projects and work through the District Engineers with the local governments, we're adding them to the list. We're still in a discovery stage, and still in a stage of ensuring we can meet the conditions of being ready to go out for bid within 90-120 days.

There's one other point I wanted to close on, and that is that once we have the final funding source and all the conditions necessary, and we re-finalize this list, we will bring it back before the Board. It needs to come back, because projects that have to be reprogrammed or shifted in priority will need to have Board action, as well as the new projects that have been added in. As this list develops, it will ultimately come to the Board for final programming processes before we will even move forward into advertisement.

CHAIRMAN SCHORR: Any further questions or comments by the Board?

DIRECTOR MENDEZ: Mr. Chairman, I did want to go back and re-emphasize that our list contains projects totaling close to \$1 B in things that ADOT has to deal with directly. If we don't receive \$1 B for all the projects, at some point you and the Board will have to identify what the priorities are going to be. It'll be very similar to what we've done in the past: we'll have to sit down and figure out what will be included under a certain level of funding. You'll probably have to start thinking about how you're going to do that.

CHAIRMAN SCHORR: I think you're correct in that regard, but I would also encourage Floyd and his Staff to take more latitudinous approach toward what projects might qualify. We don't want any bridges to nowhere or other foolish projects, but on the other hand, I think most, if not all, of the projects I reviewed seemed quite meritorious. If there's any thought that something might qualify, it should be included in the list.

DIRECTOR MENDEZ: Mr. Chairman, just to clarify my comment, if you mull over this over the next couple of weeks or months, what were going to have to decide as an agency; as soon as there aren't any strings attached to the funding that comes to ADOT, I think what we'll have to decide as an agency is if we're going to invoke the Casa Grande accord approach, or are you going to look for a different approach to establish priorities. Right now, we have the list, and it's very practical and based on our level of understanding of the current development. If we had \$1 B, we could execute all these. The question is, if you don't have \$1 B, how are we going to prioritize the list? That's the

kind of direction we're going to need from all of you, such as if you want to do a distribution based on equity, or some other ideas that you might have.

Right now, this list will be ready to go in the next three to six months.

CHAIRMAN SCHORR: Thank you. Any further questions or comments by the Board?

BOB MONTOYA: I'm encouraged by your inclusiveness in this statement, because I think it would be very beneficial for the Board, once we have this funding, to do an analysis and see where those monies are distributed at this point. Then we could have a discussion on how to rebalance those funds throughout the State without "overbalancing" in certain areas.

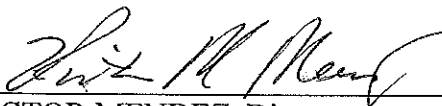
DIRECTOR MENDEZ: Because these are all ready to go, it will free up money that is already programmed, and maybe we can rebalance the remaining dollars. Again, I think at some point we're all going to have to sit down together and figure out, given a certain level of funding, how we would prioritize the economic recovery package. Just a couple of notes – there are two elements that are going to be very critical for us, and the State, as we understand it. It seems that the funding may be distributed to states, MPOs, and cities when it comes to transportation funding. Keep in mind that there will probably be funding for other infrastructure, not just roads, streets, and highways, but it does appear that MPOs and cities may also receive funding going toward their needs.

CHAIRMAN SCHORR: Thank you very much, that was quite interesting. That concludes our Study Session agenda. We will now proceed to the regular agenda. Before jumping into the items, I wanted to first acknowledge that we were feted last evening by the City of Tucson and the Pima Association of Governments. I want to thank Jim Glock and Mary Collins for expediting those things so beautifully and so well.

Adjourned 9:45 a.m.



SI SCHORR, Chairman
State Transportation Board



VICTOR MENDEZ, Director
Arizona Department of Transportation

MINUTES
OF THE ARIZONA STATE TRANSPORTATION BOARD MEETING
9:45 a.m., Friday, December 19, 2008
City of Tucson Council Chambers
255 W. Alameda
Tucson, Arizona 85745

CHAIRMAN SCHORR: Mayor Paul Loomis?

MAYOR LOOMIS: Mr. Chairman, good morning. I'm Paul Loomis, Mayor of the Town of Oro Valley and also the Chairman of the Pima County Regional Transportation Authority. I wanted to take this opportunity to welcome you to the region and to the City of Tucson, and thank you all for having your meetings all across the State so you can get input from every region. We want to wish you all happy holidays.

CHAIRMAN SCHORR: Thank you, Mayor Loomis. Are any other mayors from Pima County here this morning? Any members of the Board of Supervisors here this morning?

If not, let us proceed with the District Engineer's Report. Greg?

DISTRICT ENGINEER'S REPORT

GREG GENTSCH: Good morning and welcome to Tucson. This will be brief, just four quick items about the projects that are coming up on I-10. One is [unintelligible] Station, which is where we're going to move the district boundary shortly, to adjust the County line so the boundaries match the District boundaries. The Twin Peaks project is on the street right now, soliciting bids.

The STAN funded projects, we feel, set a very good example of how to accelerate funding that came from the Governor and Legislature just a couple of years ago. It may serve as a model for future discussion. The Downtown project is also progressing well. With that, if there are any questions, I'll be happy to answer them.

CHAIRMAN SCHORR: Are there any questions for Greg Gentsch? Let me just make this comment, I think the District Engineer has done a masterful job in shepherding this I-10 project through. As we begin to see the way it's going to function, we have to really applaud the work that you and the Staff have done on that project. Thanks, Greg.

GREG GENTSCH: Thank you, Mr. Chairman, I'll pass that on to my staff.

CONSENT AGENDA

ITEM 2: DIRECTOR'S REPORT – Victor Mendez

CHAIRMAN SCHORR: The next Item is the Director's Report.

VICTOR MENDEZ: Good morning, and thank you, Mr. Chairman. First of all, I want to thank the community for hosting us last night. We've worked with our friends here in

southern Arizona for many years. I also want to thank Greg Gentsch. For the record, we heard many accolades last night from Mayor Walkup about Greg's leadership here, and I want to thank him and his staff for doing what they're doing.

The only Item that I have for you today is very brief. Just to let you know, we have been working on a transition document that we provided earlier for the incoming Governor Brewer, and some of the issues for her to consider as we go through the transition from one Governor to another. We identified some of the outstanding issues related to projects, and some policy issues that are out there for ADOT. I don't believe the document is public, so I can't share it with you, but we identify a lot of the issues that you might expect to be included. We'll see what happens when the new Governor takes office. You heard Representative Lopes talk about funding for transportation; we'll see what the new year brings for us as far as addressing transportation issues. So with that said, I'd like to wish you all happy holidays. Thank you.

CHAIRMAN SCHORR: Thank you.

Our next Item is the Legislative Report.

ITEM 3: LEGISLATIVE REPORT – Gail Lewis

GAIL LEWIS: Good morning, Mr. Chairman and members of the Board. It's a pleasure to be here in Tucson this morning. As referenced already this morning, this is a time of great transition. With the coming Legislature, the new administration in Washington, and the new Congress coming in Washington, combined with the current economic uncertainties, makes for a time in which every day brings something new. I'd like to give you a brief update on a couple of things that we're paying attention to.

We've spent some time this morning talking about the Stimulus Package. The debates are going on in every state, and also in a dialogue in Washington. Because we haven't had specific guidelines, we're doing the best we can to make sure that we have projects that are ready to go, and have as inclusive a list as possible. This is a work in progress, and we don't know exactly what kind of bill will result. We've heard a strong statement from the new Congress that they'd like to get this done as quickly as possible, which is the same statement we've heard from the incoming President, so we believe that it's going to happen quickly once they reconvene in January 2009. Again, it's a work in progress, and we appreciate your patience and your willingness to jump in to help make decisions that need to be made.

In addition to the economic stimulus and recovery package, there are a number of big issues over the next 12 months that are going to be very important to us. Reauthorization of the Federal Aviation Administration, which has been languishing for about 18 months, and it's becoming extremely important that this move forward. We have an indication that it will move forward very quickly. The new administration has also indicated that they'd actually like to do every appropriations bill this year and not operate on a continuing resolution; this is unprecedented in recent memory, so it's going to require a lot of attention on our part, as there are agencies other than transportation that will be affected.

There is also, of course, the reauthorization of the Transportation Act, which will come up, theoretically, in September 2009. It has often taken one to two years for a reauthorization bill to actually pass, but with the new administration, new Congress, and a lot of attention on getting some certainty into the system, it could happen much more quickly.

There is a new Secretary of Transportation, just announced yesterday: Ray LaHood, a Republican Congressman from Illinois. This is not a name that was on any of the rumored short lists, so everyone is trying to learn as much about him as quickly as possible. We'll bring you additional information as we have it. Other appointments within the USDOT will begin to be announced gradually after the first of the year.

We have new Committees here in our own State Legislature. The House Transportation Chair will be Representative Andy Biggs, whom we've worked with for a long time and quite well. They've reorganized in the State Senate, and the Committee that will have oversight for Transportation is the Natural Resources and Infrastructure Committee, chaired by John Nelson. Mr. Nelson has not been chaired to work specifically with transportation issues before, but he is someone we know fairly well. We will have our initial discussion with him next week to get better acquainted. For all the Board members, I have a list of the new members of the Legislature, with biographies to help you get better acquainted. That's all I have this morning. If there are any questions, I'd be happy to take them.

CHAIRMAN SCHORR: Are there any questions for Ms. Lewis?

Our next item on the agenda was to be an update of public/private partnerships in rest areas, but that was redundant with an Item on the Study Session agenda, which we previously moved to table. So we'll go to Item 5, the Financial Report.

ITEM 5: FINANCIAL REPORT – John McGee

JOHN MCGEE: Thank you, Mr. Chairman and members of the Board. I'll be going through agenda Items 5, 6, and 7 today. Bad news continues on the revenue front: Highway User Revenue Fund (HURF) collections for the month of November 2008 totaled \$100.274 M, down 10% from last year and 9.4% from the estimate. Year-to-date, HURF now totals \$528.6 M, down 4.1% from last year and 4.8% below the estimate. If you adjust out the \$10.1 M revenue correction, which increased collections in the month of September 2008, HURF revenues this year are actually down about 5.9% from last year.

As can be seen, the gas tax, Use Fuel tax, and Vehicle License tax continue to struggle, down 8.7%, 10%, and 5%, respectively. Combined motor carrier and registration fees, once you adjust out the \$10.1 M correction, would actually be up 4.5%, and "other" is up about .2%. We continue to see very weak collections.

October Regional Area Road Fund (RARF) collections totaled \$29.015 M, down 9.7% from last year and 6.9% below forecast. Year-to-date RARF is now down 9.4% from last year and 6% below the forecast. Retail sales, particularly new car sales, and construction continue to be the most significant problem areas, although contracting is doing slightly better than what we had forecast for the first four months of the fiscal year. We're pretty bearish on contracting, so it's actually holding up a little better than expected.

Keep in mind that the October results I'm showing you here reflect September's economic activity. The middle of September was when Lehman Brothers declared bankruptcy, the federal government essentially nationalized Fannie Mae and Freddie Mac and AIG Insurance, and that began about a 24% drop in the Dow Jones average from September 22, 2008 to October 6, 2008. As a result, that's when the credit markets began to freeze up. Spending in October really fell off. We've received preliminary results – we don't have the charts for you, but we'll have them at the next meeting – but November 2008 results, which reflected October business activity, showed a 14.4% drop from November 2007. That will bring the RARF down 10.4% for the year. My hope is that we may be nearing the worst of this, but the next two or three months will be very critical.

In terms of the cash investment report, I've included in your packet the reports for both October and November 2008. We earned \$3.391 M in October and \$3.330 M in November in interest, bringing year-to-date earnings to \$18.265 M. Finally, for the HELP fund, the balance as of November stood at a little over \$93 M. This was up about \$3.3 M as a result of \$3.3 M in loan repayments, \$300,000 in interest, and \$300,000 in loan draws. I'll be happy to answer any questions with respect to agenda Item 5.

CHAIRMAN SCHORR: Are there any questions? Thank you, John, you may move on to Item 6.

ITEM 6: FINANCING PROGRAM – John McGee

JOHN MCGEE: Mr. Chairman, I only have two items to report on under agenda Item 6. I included in your packet, as for the last couple of months, the newest version of the Bond Buyer 25 Bond Revenue Index for your review. As you will see, that index has risen about 40 basis points since we last met in mid-November, due to weakening demand from institutional investors, especially hedge funds, and year-end moves by a lot of institutional investors to increase cash holdings on their balance sheets. These are probably the two major reasons we're seeing weakening demand and increasing rates in order to get issues done.

The sense I'm getting is that hopefully, after the beginning of the year, after the institutional investors have done "window dressing" on their financials to show higher levels of cash balances for year-end, the institutions will hopefully start moving back into the municipal market. Although that will depend upon what continues to happen with hedge funds and some of the other institutions that have been major players in the municipal market.

The second thing I wanted to report on was the status of the BFOs. Last month's packet included a letter from the Treasurer, indicating that the general fund had passed the \$400 M threshold. In discussions with the Treasurer's Office a couple of days ago, they are now indicating that their cash flows show a possibility that the BFOs could be called as early as February or March 2009. That's good news, because a couple of months ago they believed it would happen in November or December 2008. Given some of the results of State sales tax collections, this could be sped up, or the new Governor and the new Legislature could come together and pass a general fund budget bill very quickly. There would then be additional monies flowing into the general fund that might delay that. The latest news is that both the

\$50 M in the HELP fund and the \$60 M in the State Highway Fund could be called early next year. I'd be happy to answer any questions on agenda Item 6.

CHAIRMAN SCHORR: Are there any questions for Mr. McGee on Item 6? I have one, John. Would you state again what the practical implications would be, were those funding calls to be made?

JOHN MCGEE: Mr. Chairman, the practical implication on the HELP loan is that it isn't a problem. As you're all aware, we recommended about a year ago that we suspend future loans in case this happened. We believe we will still have sufficient balances – as you saw, we have about \$93 M cash in the fund right now. Every month we continue to get money coming in. We have a number of loans that could be funded in the next several months, but we think we have sufficient cash balance to meet those needs.

The more difficult problem would be the \$60 M that's in the State Highway Fund. In November, we actually dipped into that balance at one point and used about \$43 M of that \$60 M. In December it looks as if we will have only dipped into it about \$20 M. We have been using money from that fund every month for about the last year, so if that goes away, it will present some additional cash management challenges. We're looking at alternatives for how we would handle that; we have some ideas that we think would work, but the problem is if revenues continue to come in as poorly as they have recently, it continues to exacerbate the whole situation.

CHAIRMAN SCHORR: Any more questions for John McGee? Thanks again, John.

Our next Item is Item 7, Financing Options for statewide transportation improvements, but I believe we covered that in the Study Session unless there is something further you'd like to add.

JOHN MCGEE: No, Mr. Chairman, my understanding is that that Item is only included in case the Board wanted to take some action from what was discussed in the Study Session.

CHAIRMAN SCHORR: Does the Board wish to take any action concerning those options presented during the Study Session?

We will continue that Item for possible action at our January 2009 Board meeting.

Our next Item is Item 8.

**ITEM 8: REVISION TO THE FY 2009-2013 FIVE YEAR AIRPORT
DEVELOPMENT PROGRAM – Barclay Dick**

BARCLAY DICK: Thank you, Mr. Chairman and members of the Board. Since the September 2008 meeting, we have met with the Arizona Airports Association several times, and together with them we have developed the program that I'll be recommending this morning.

This handout compares the programs we presented to you in June and again in September, and is a discussion of the differences between those two programs. This is the program we'll be recommending today. We recommend \$3.5 M for federal matching grants, decreasing the budget for the pavement maintenance program to \$0 for fiscal 2009, eliminating State and local grant programs for fiscal years 2009 and 2010, eliminating the loan program for fiscal years 2009 and 2010, terminating 19 grants with a value of \$5.3 M, and implementing a grant reimbursement payment deferral program.

This handout shows some details of the recommended program, including the payment deferral process. Basically we propose to have a deferral term, the shortest of which will be for the oldest grants; following that process, we believe we can retire all existing grant applications within two years. This morning the Staff is recommending a fiscal 2009 aeronautics grant program, including \$3.5 M in federal matching grants, \$1 M for State planning projects, the termination of 19 existing grants, and the deferral of payments on remaining State and local grants.

CHAIRMAN SCHORR: Are there any questions or comments for Barclay Dick? Barclay, I have a question. I believe you've discussed this with the Aeronautics Association, and with representatives of the various airport authorities around the State?

BARCLAY DICK: Yes, sir.

CHAIRMAN SCHORR: I understand that they are in agreement with this program you've described?

BARCLAY DICK: It would be fair to say that nobody's happy, but we all recognize the situation we're currently in.

CHAIRMAN SCHORR: Thank you very much for working with them.

Any questions or comments from the Board? A motion is in order, then, to approve the revised plan.

[The **motion**, moved by VICE CHAIR HOUSEHOLDER and seconded by BOB MONTROYA, carries unanimously in a voice vote.]

Our next Item is Item 9.

ITEM 9: FRAMEWORK STUDY UPDATE – Rakesh Tripathi and Jennifer Toth

RAKESH TRIPATHI: Mr. Chairman, members of the Board – for the record, I am the Director of the Multi-Modal Planning Division.

The Framework Study Update is a monthly update that brings the Board up to date on the progress of the Framework Study process. I'd like to invite Jennifer Toth, Director of Systems Planning for the Division, to give that presentation, as she is the Project Manager for Frameworks and Long-Range Planning.

JENNIFER TOTH: Mr. Chairman, members of the Board, I will update you on the past month. We held 24 workshops in 13 locations across the State in November 2008, with approximately 500 participants, to discuss the three future scenarios in association with the Building a Quality Arizona (BQAZ) Project.

Some of the general comments that we heard were about how improvements could be implemented in the absence of a funding source. There was general support of transit, and increasing transit access across the State; also, there was heavy discussion as to whether the population is really sustainable with the amount of water that is available. There was no overwhelming support for any particular scenario, but a lot of discussion about the assumptions made in each of the three scenarios in terms of what those futures represent. A lot of discussion "hit the mark" in terms of what those assumptions were.

There was some difficulty envisioning what the year 2050 would really look like, and would the rural areas be denser or more urban, and whether there would be more urban nodes so transit was a more viable option. So that's a very general summary of some of the workshop comments. Of course, we heard them in much greater detail about specific projects.

Also within the last few months, we've been meeting with our bordering states. As we know, our transportation needs cross state lines, so we held meetings with Utah, Mexico, Nevada, and Caltrans. We're in the process of setting up a meeting with the New Mexico DOT in early 2009. Some of the comments we've heard from the bordering states dealt again with transit – specifically, rail options from Salt Lake City to Las Vegas; Las Vegas to the Phoenix area. Another comment we heard was that the area between Las Vegas and Phoenix is the only place where two metropolitan areas in the west are not connected by an interstate freeway system.

Caltrans was very interested in goods movement, and of course we learned some information from Mexico in terms of additional ports that could be furthered, which would impact freight movement through Arizona as well.

Some of our next steps involve taking out the Rail Framework Study internally in the next few weeks, and taking it out externally in January 2009. We're also developing some special interest workshops in the February 2009 time frame to capture some of the Napa resource community, business development community, and others, so we can have some focused discussion from the special interest groups. Are there any questions?

CHAIRMAN SCHORR: Are there any questions? Any comments? Thank you very much. We're now going to move on to Items 10 and 11, but we'll also take a five-minute break before we do that.

[Board takes brief recess.]

CHAIRMAN SCHORR: The next Item on the agenda will be Item 10, the I-10 Bypass Study.

ITEM 10: I-10 BYPASS STUDY – Rakesh Tripathi and Jennifer Toth

RAKESH TRIPATHI: Mr. Chairman, if you'll give me a minute of indulgence, I'd like to congratulate you on your six wonderful years of service to the Board.

With respect to the I-10 Study, I'd like to give you a big-picture perspective before I request Jennifer Toth to give you a detailed presentation. Also, in the audience, I'd like to invite David French, our consultant who performed this study. They will be available to answer questions regarding any technical information.

I'll start by saying we have a tremendous mobility issue with the I-10 corridor in southern Arizona. You don't really need to do a study or technical analysis to realize this is a huge, huge problem, and if something is not done, it's going to affect the standard of living, economy, and the economic vitality of the entire region. It also has an effect outside the metropolitan area, as it's also one of the major corridors of goods movement in the country.

Having said that, what we're doing is, at a 30,000 ft. level, we're looking a few years down the road when we'll get into engineering, design construction, and all those activities. You're looking at high-speed rail as well as bypass. You're looking at transit issues, and what can be done on the I-10 corridor itself in the existing footprint. The Board has been very open-minded in looking at this corridor, not just in one direction but in a multi-modal direction, looking at various kinds of transportation in this corridor.

The Board has also been very open-minded throughout this I-10 bypass examination, where it has seen that certain corridors, like San Pedro corridor, have vital environmental sensitivity. They have had the wisdom to advise Staff to eliminate certain options because of this. I think what we're trying to do here is realize we have a tremendous problem, and we have to start talking about various solutions. Some of these solutions may be more easily understandable; others may take some time to implement. With this study, the Board is saying they've looked at the surface/road side of the equation and feel this is how certain things can be done and cannot be done. You're also looking at the rail part of it for rail transit and multi-modalism.

Jennifer will give you a detail on one aspect of this examination, which is the bypass. What I would recommend is that we're doing a lot of these studies on a 30,000 ft. level. We're looking at transit, bypasses, existing corridors – I think the future of what we do is to bring all these together in a multi-modal examination to do what is called a Major Investment Study (MIS), which looks at all the options. It also looks at environmental concerns and sensitivities, and at a lot of things that are already built into the National Environmental Protection Act (NEPA), so we can look at all these different options.

The Board would be visionary in studying putting it all together to bring it to a 2000 ft. level examination so a local, preferred alternative can come out of this MIS which would be concurrent with an Environmental Impact Statement (EIS) process. That local preferred alternative would then be presented to our MPOs and local partners, and there would be participation both in the process and the adoption of the local preferred alternative. Truly, we could create a multi-modal implementation plan, so we would stop studying and begin implementing a lot of these options soon.

Having said that on a big-picture level, I know there are a lot of people here that have heard about this. We had meetings in May, November, and December 2007, 42 stakeholder interviews, and innumerable calls from concerned individuals, as well as letters. This has had a very intense level of public participation. This is just one solution; it's not the solution. But we have to start somewhere with the big picture and narrow it down. I commend the Board for recognizing the tremendous problem we have had in this corridor, and the challenges of looking into a long-term, multi-modal solution in the future. Having given you that bigger overview, I'd like to invite Jennifer Toth to give you a detailed presentation on one aspect of this bigger issue.

JENNIFER TOTH: Mr. Chairman, members of the Board, I'll quickly go through the presentation that was given last month to the Board.

As you're aware, in January 2008 the State Transportation Board accepted the I-10 Phoenix-Tucson Bypass Study Final Report. In March 2008 the State Transportation Board requested a follow-up study to further look at other improvements that could be contained within the existing right-of-way, and further study of the corridors listed below.

What we did was looked at what is currently programmed and planned in the five-year plan. What you see in red is what's currently programmed, and what you see in green is what's ultimately planned. You can see that in the downtown/major metropolitan area, there are no further plans to expand beyond what is currently being reconstructed because of the limited right-of-way improvement. When that is completed, I-10 will accommodate approximately 200,000 vehicles per day within that downtown section.

The recent traffic forecasts from several sources indicated that the traffic volume on I-10 will exceed the capacity of the roadway before 2030. As you can see from this graph, from St. Mary's to the Congress area that capacity is reached by 2015; from Orange Grove to Sunset, that capacity is reached in about 2026.

Taking no action that means the Tucson metro area is the only metropolitan area along I-10 without a redundant system. We have traffic volumes that will exceed that capacity; travel time increases; this affects the arterial system within the Tucson area; peak hours will begin to extend because people won't want to travel during the most congested times; and this in turn will increase noise and air pollution. Some of the other actions we've reviewed are parallel routes, a Phoenix-to-Tucson high speed rail, a rail freight, and what these would impact the increased cost of gasoline. We looked at "double decking" in the metropolitan area. Although it's technically feasible, it's not cost-effective: it would be \$700-\$900 million, and in addition you would have the visual impact, as well as increased air and noise pollution.

Some of the routes studied in the Bypass Study mentioned earlier were alternative routes that serve I-10. Even though the double decking isn't feasible, we understand that something must be done to mitigate congestion or provide redundancy in the system in order to help with severe blockages. What we did look at was a route that's consistent with the State planning routes, SR-982 and SR-989, that have been on the Pima Association of Governments (PAG) system. That suggested route is shown here, on this graphic. Any questions?

CHAIRMAN SCHORR: Are there any questions for Jennifer or Rakesh by the Board?

I have a few. Number one, there is a line depicted on the map. Is it meant to be taken literally, or one that will be moved later on? I've heard that that line should be 5-10 miles in either direction.

JENNIFER TOTH: Correct. As Rakesh mentioned, what we studied was at a very high level -- where could a potential alternative route or redundant route be contained? So you'd have to draw a swath on a map to portray where that might be.

CHAIRMAN SCHORR: So that would be the "center line" of a corridor that could extend 5-10 miles in any direction?

JENNIFER TOTH: Yes, sir.

CHAIRMAN SCHORR: I have more questions, if you don't mind. You also mentioned State planning routes SR-982 and SR-989, I believe. One would solve basic alignment and the other is a barrier route. Are these existing State planning routes on the State system?

JENNIFER TOTH: These are routes designated by the Board that could be pulled into the State system.

CHAIRMAN SCHORR: I understand they've been on the state route system in Pima County since the 1980s?

RAKESH TRIPATHI: That's correct.

CHAIRMAN SCHORR: How would the introduction of commuter rail and double tracking freight lines, if they could be achieved, affect the I-10 traffic flow between here and Phoenix?

JENNIFER TOTH: I'll let David French answer that.

DAVID FRENCH: Mr. Chairman, members of the Board, there is an ongoing study of high-speed rail between the Phoenix and Tucson areas. The information that was available earlier this year indicated that by 2012, which is the target opening date, it could carry 2000-3000 people daily; then, by 2030 or so, maybe 4000-5000 people daily. I-10 would be carrying 100,000 cars between these areas, and 200,000 within Tucson. That's just cars; with people you could probably add another 20,000-30,000 to that.

The percentage reduction for high-speed rail would be very small, 2-3% at best, and would have very little effect on the actual volume. The freight rail traffic, from the information we have available by talking with the railroad and trucking industries, would probably have a marginal effect on the amount of truck traffic, because they're serving different markets: rail traffic is serving long-mileage, cross-country trips, where the trucks are usually serving trips 400 miles or less. Again, they're serving different markets, so there would probably be a very minor effect.

CHAIRMAN SCHORR: Thank you.

This is to Jennifer or Rakesh: are there any major routes that would provide relief to I-10, including the Regional Transportation Authority (RTA), or PAG's long-range plan?

RAKESH TRIPATHI: Mr. Chairman, as you know, a lot of different routes were studied as part of the alternative routes big-picture study that we've done. A lot of these routes were eliminated because of one "fatal flaw" or another. So this particular route that was recommended, at the last Board meeting, for further study, is the most feasible one. Again, PAG is looking at a lot of different transportation projects to help relieve congestion, but these are of more of a local nature – they are doing a transit examination, for instance.

I think the problem we have with I-10 is more than a local problem, but a metropolitan and regional problem as well. The answer is, then, "yes and no." There are a lot of different projects they're looking at, which would help, but we still have to find a solution that would be adequate to the size of the problem we have.

CHAIRMAN SCHORR: Another question, if I may. I believe the report also recommends that we jettison any further study of the Silver Springs/Aravaipa corridors?

JENNIFER TOTH: Correct.

CHAIRMAN SCHORR: So the only alternative we have, just looking at the big picture as I understand it: as we're now widening I-10 through the metropolitan area, we anticipate they'll be finished about 2009-2010. And we anticipate that by 2015, that stretch of road will be overloaded even after we finish widening it?

RAKESH TRIPATHI: In certain sections, you're absolutely correct, sir.

CHAIRMAN SCHORR: That's the section near Congress and St. Mary's?

RAKESH TRIPATHI: That's correct.

CHAIRMAN SCHORR: An area close to where we're sitting today?

RAKESH TRIPATHI: Absolutely, because I-10 serves as the main street of Tucson. It's the only artery – and, as Jennifer mentioned, this is the only big city without a loop on the I-10 corridor. In fact, nationally, there aren't many cities of this size that have only one predominant freeway. So I-10 not only serves as the interstate corridor, but as the main street of this city.

CHAIRMAN SCHORR: How would this proposed route impact the traffic on I-19, for example? Let's say there's vehicular traffic moving south to north on I-19 –

RAKESH TRIPATHI: There will be an impact. Trucks and hazardous materials carriers could take this alternative route and not come through the middle of a populated city. The study estimates 33,000 vehicles per day to be diverted to an alternative route. That would also be a civic "plus," because that could be a route that might move large trucks and hazardous materials onto an alternate route, providing a public safety aspect.

CHAIRMAN SCHORR: If the Board were to agree to this alternative route, how would we deal with the considerable environmental issues that could arise as the alternative route is plotted?

RAKESH TRIPATHI: That's why my recommendation would be on a big-picture, high-level solution, we're looking at this as one possible solution. We need to bring all those high-level solutions – high-speed rail, bypass study, expansion of I-10 – together, and look at them in a more holistic way, at a 2000 ft. level, where we start reviewing the environmental processes.

We have to go through a very exhaustive environmental process, as per NEPA, and I think, with respect to MIS, we'll be able to examine a lot of these big-picture ideas in detail. A lot of people have the misconception that just because you're looking at a bypass route or a high-speed rail, you've made up your mind that it will happen. What you're looking at is giving us the flexibility to study all the different options and take them through the federal process to get to a local preferred alternative, which would be a collaborative process with MPOs, COGs and local communities. It would have to be adopted by everyone before any engineering or construction could take place.

Again, we're talking in terms of project development and construction timelines, so we're talking about a substantial time frame here.

CHAIRMAN SCHORR: How many years are we talking about?

RAKESH TRIPATHI: We're talking about, just for the MIS process, at least two years, and then two to three more to go through all the environmental clearances. Then you have the right-of-way acquisition, which you can't get without federal environmental clearance. Then you're also looking at what kind of funds the Department has at this time, because none of these solutions would be cheap. We'd have to examine what we can and cannot do. MIS would have a phased-implementation process, so you could take some steps in a 10-year time frame, and some in a 20-year time frame.

CHAIRMAN SCHORR: Are you suggesting or recommending that the Board conduct a Major Investment Study?

RAKESH TRIPATHI: Yes, sir.

CHAIRMAN SCHORR: The study would look at all forms and modalities of transportation links between here and the Phoenix area, including rail and others?

RAKESH TRIPATHI: Yes, sir, and I think we're going toward a multi-modal future where we have to look at all forms of transportation. This will also require tremendous environmental sensitivity, and I think we have to go through the federal environmental process as well.

CHAIRMAN SCHORR: I take it that the route goes through at least two Counties, Pima and Pinal?

RAKESH TRIPATHI: That's correct.

CHAIRMAN SCHORR: Therefore, would you also have to involve the planning agencies and Councils of Governments of both Pima and Pinal Counties? And all the jurisdictions affecting those Counties?

RAKESH TRIPATHI: Yes.

CHAIRMAN SCHORR: Any further questions or comments by the Board? A motion would be in order.

VICTOR FLORES: Mr. Chairman, I'd like to make a motion that would hopefully encompass all that's been discussed and perhaps continue some dialogue. I move that we accept and adopt the October 16, 2008 I-10 Bypass Study follow-up draft reports, which conclude that, as currently planned, I-10 will be inadequate to the long-term needs of the Interstate system in the Tucson metropolitan area. This would also approve, as recommended by Staff, continuing the study of a regional option to address the following: funding a Major Investment Study for the I-10 corridor, which will involve coordination with multiple jurisdictions and agencies in the region.

This study will involve all relevant local jurisdictions, including the respective Metropolitan Planning Organizations, Pima and Pinal Counties, multiple cities and towns within both Counties, Indian tribes, major public and private landowners, and the general public. In addition, previous studies of this corridor, such as the I-10 Bypass Study, High-Speed Rail Study, and Rural Transit Commute Study, among others, shall be considered in the development of alternatives.

Furthermore, these alternatives will be multi-modal, and combine roadway and mass transit options in a comprehensive transportation solution.

CHAIRMAN SCHORR: You've heard the motion. Is there a second?

[The **motion**, moved by VICTOR FLORES and seconded by VICE CHAIR HOUSEHOLDER, carries unanimously in a voice vote.]

Is there any discussion?

FELIPE ZUBIA: I'll be the first to comment. I'm glad to see a lot of familiar faces out there – you've been tracking this issue as long as the study's been available, and if anything, I'd like to at least allay some fears that we're going to have a roadway west of Tucson any time in the near future. In fact, if you heard the motion and the presentation, what we're doing is simply narrowing down our focus to identify solutions for what we see as a problem in the Tucson metro area: the roadway, as currently planned, will reach capacity in the near future. I think we, as Board members, would be derelict in our duty if we didn't look at what those potential solutions would be. We're simply narrowing down the area of study to look at what the potential solutions are.

So with that, barring any future discussion on the motion that might change my mind, I'll be voting in support of the motion.

CHAIRMAN SCHORR: Any further questions or comments by the Board? Mr. Montoya?

BOB MONTOYA: I'll echo Mr. Zubia's comments. I can see here that Tucson and the I-10 corridor as it exists – should we have, God forbid, an act of terrorism on that section of road, we'd be gridlocked in any of those traffic interchanges. With increased trades and freight traffic, it will impact you here very shortly, as we've seen. I think that I will be supporting this motion as well.

CHAIRMAN SCHORR: Any further questions or comments by the Board?

[The **motion**, moved by VICTOR FLORES and seconded by VICE CHAIR HOUSEHOLDER, carries unanimously in a voice vote.]

[Sound of public dissent.]

CHAIRMAN SCHORR: We will move on to the next item.

[Sound of public dissent.]

CHAIRMAN SCHORR: We'll move on to the next item.

[Sound of public dissent.]

RAKESH TRIPATHI: Mr. Chairman, the next Item is the Rail Study. As you all know -- [cannot be heard over sound of crowd]

CHAIRMAN SCHORR: If you wish to designate a person to speak on your behalf – [cannot be heard over sound of crowd]. You will have the opportunity to have public input -- [cannot be heard over sound of crowd]. If you wish to designate a representative [cannot be heard]. Otherwise we will move on to the next Item and you can speak at the end of the agenda.

I'm afraid some of you may not have heard the motion appropriately. This bypass study – I insist that you listen to me. If you don't wish to designate a representative, we're moving on to the next Item.

[Sound of public dissent.]

This Board has conducted numerous hearings on this Item, and has previously heard from your representatives on this item –

I am going to declare a five-minute recess.

[Board takes brief recess.]

CHAIRMAN SCHORR: Is that the gentleman I just spoke to? Would you introduce yourself?

ALBERT LANNON: My name is Albert Lannon, and thank you for paying some attention to the will of the people. As you know, one of the prime issues involved in the bypass is the existence of a wildlife corridor that was set up to accommodate the Central Arizona Project (CAP) Canal. The existence of that corridor probably means years of litigation on this issue, should you go ahead with it.

That corridor accommodates badgers, mountain lions, Gila Monsters. A friend, also here today, she and I have done environmental education work at Saguaro National Park for children. We stand on Signal Hill among the petroglyphs and look out at the smog developing over Picacho Peak. You would like to export that smog into Avra Valley and down to Picture Rocks. I have other friends here who live on the west side of the CAP canal, and golden eagles nest in the saguaro near their home. Those would be driven out.

In my yard, sir, just two months ago, I heard a shriek early in the morning and went out, and there were two Harris' Hawks and a great horned owl in my yard. That's what we lose if this bypass goes through. But it's more than about animals, it's about community. A lot of people think Picture Rock is an area of meth-heads and motorcycle gangs, and maybe people in Tucson and Phoenix don't come out to Picture Rocks very often. But that's not what it's about. A lot of people have worked very hard over many years to have a community that's proud of itself, and cares about itself and others.

I have another friend here who organizes neighbors twice a year to clean up two and a half miles of roadway under ADOT Adopt a highway program. We do that willingly and happily. When I was ill a couple of months ago, neighbors turned out with food and support. Today, neighbors collect surplus food to give out free to those who need it. This is a community that cares. At the Community Center, there is a free Thanksgiving dinner that feeds about 163 people and has dozens of volunteers. We're a community that is learning, sometimes reluctantly, about activism. That bypass will destroy our community.

The Pima County Board of Supervisors unanimously opposes this bypass.

One last thing: I lived half my life in San Francisco, and in the early '60s, a Board like yourselves decided that we needed a freeway to connect the Bay Bridge and the Golden Gate Bridge. When the first part of that freeway was built, it took away the traditional San Francisco view, looking down Market Street to the Ferry Building. Then they found out that it was going to go through the Haight-Ashbury District, in the pre-hippie days, when this was an integrated, working-class community. Then it was going to destroy children's playgrounds in Golden Gate Park, and a good chunk of the park itself. So we came to meetings like this, and we petitioned and we wrote and we argued. And your counterparts decided to build that freeway. Then, sir, we sat down in front of the bulldozers and we stopped it. I can do it again in my lifetime and I will.

JOHN HEWITT: My name is John Hewitt, and I'm a member of the Pima County Planning and Zoning Commission, but I speak only for myself and my neighbors. Had you listened to the public before your vote, you would have heard many reasons why you shouldn't build this bypass, and a couple of reasons why, in fact, you cannot build it. You cannot, from a purely practical standpoint. You have made the decision to accept a study, which I find appallingly,

egregiously incompetent. It's a bad planning study. People who did it ought to be ashamed of themselves and I think frankly heads ought to roll at ADOT because of it.

You started with the idea of a bypass around Tucson, and the minute this was brought to the Board, ADOT did what a highway department would naturally do, which was find reasons to build this one. Then it was farmed out to consultants, and they did what consultants do, which was figure out what you wanted to hear, and then figured out a way to tell you what you wanted to hear. You started with a solution and created the answers that you wanted to create. You've been up there at 30,000 feet – you should have been down here at ground level, looking at real problems, not on the basis of 30-year-old outdated assumptions or data that your planners and consultants have cherry-picked for you, but on the basis of the facts as they are on the ground right now.

The worst thing about this, in my mind, is that there has been an utter failure of due diligence on the part of your planners and on the part of your consultants. There is a Tucson mitigation corridor, which is an absolute barrier to development of this kind. It's not an obstacle or a problem: it's a barrier. There is a National Park that you would skirt very closely as well. I know there is a representative in the audience today who came from Phoenix to speak. He is from the Bureau of Reclamation. His name is Bruce Ellis, and he is the Chief of the Division of National Resources of the Bureau. Can we hear what Mr. Ellis says?

REPRESENTATIVE BRUCE ELLIS: Mr. Chairman and members of the Board, my name is Bruce Ellis, and I work with the Bureau of Reclamation in Phoenix. I'm here today representing our Area Manager, Carol Irwin, who works in the Phoenix Area Office of the Bureau. She asked me to provide these comments to the Board for your consideration.

These comments supplement the comments I provided in writing to Mr. Dale Muskirk, Transportation Planning Division Director, in a letter dated December 12, 2007:

"In our written comments, we objected to the Avra Valley corridor, H, because it would bisect the CAP Tucson Mitigation Corridor, a 2514 acre preserve that connects the [inaudible] district with the Tohono'O'odham Nation with the Tucson Mountain Park. "The Tucson Mitigation Corridor was established in 1990 as a preserve for wildlife and plants, and to serve as a wildlife corridor for large mammals between the Tucson Mountains to the east and the [inaudible] Mountains to the west. Members of my Staff attended the November 28, 2007 public meeting in Benson, Arizona, and ADOT representatives at that meeting informed attendees that protected lands are present along Corridor H and this alternative violates the criteria established by the Transportation Board regarding encroachment on protected lands. Therefore, this corridor may no longer be a viable alternative.

"In our letter of December 12, 2007, we confirmed the Bureau of Reclamation would not support construction of a bypass across the Tucson Mitigation Corridor, and we expected this corridor would be rejected. I was then very disappointed to learn that this corridor was being recommended for further study, and, in fact, is the only corridor identified for further study.

"Let me provide some additional background information about the Tucson Mitigation Corridor:

"This partial mitigation for the biological impacts of the CAP Tucson Aqueduct reclamation in 1989 acquired 4.25 square miles of land, surrounding a portion of the aqueduct, as a preserve for wildlife and plants. The protection of these lands, to be named the Tucson Mitigation Corridor, was a commitment made by Reclamation as an environmental impact statement prepared for the construction of the Tucson Aqueduct. This mitigation measure was agreed to by the U.S. Fish and Wildlife Service, the Arizona Game and Fish Department, and endorsed by several public conservation groups. The Secretary of the Interior signed a cooperative agreement with the Director of the Arizona Game and Fish Department and the Chairman of the Pima County Board of Supervisors for management of these lands. The master management plan for the Tucson Mitigation Corridor prohibits any future developments within the area, other than existing wildlife habitat improvements or developments agreed to by Reclamation, Arizona Game and Fish Department, Fish and Wildlife Service, and Pima County.

"This prohibition is intended to preserve the fragile desert habitat and maintain an open wildlife movement corridor. Consistent with the required park management plan, Reclamation has steadfastly and successfully opposed several proposed developments within the corridor since its creation, most notably a proposal by the Public Service Company of New Mexico for power transmission lines along the right-of-way in the year 2000.

"Let me reiterate that the Bureau of Reclamation has no intention of allowing our CAP right-of-way, or the Tucson Mitigation Corridor, to be used for the bypass project. We believe the status of these lands as a wildlife preserve should rule out this bypass corridor from further consideration. By identifying Corridor H as the only bypass corridor to be studied further, the Transportation Board would be setting up certain future conflict with Reclamation and the Department of the Interior.

"Thank you for your attention. Signed, Carol Irwin, Area Manager."

CHAIRMAN SCHORR: Thank you. I believe you have one additional speaker.

BRUCE ELLIS: Yes, it was my understanding that Sarah Craighead, who is the Superintendent of Saguaro National Park, would be here today.

SARAH CRAIGHEAD: Chairman Schorr, members of the State Transportation Board, my name is Sarah Craighead, and I'm Superintendent of Saguaro National Park, a unit of the National Park Service Department of the Interior. I speak on behalf of the National Park Service regarding the I-10 Bypass Corridor that is now proposed through Avra Valley. The west District of Saguaro National Park was established in 1961 to protect the plants and wildlife of the Tucson Mountains. In 1976, about 75% of the Park was designated as wilderness, an area where Congress determined that the Park's primeval character should be retained, and where visitors have the opportunity to experience solitude and enjoy a place that is unaffected by humans.

An I-10 bypass that lies immediately west of the Park is inconsistent with the purposes for which the Park and the wilderness areas were established. Such a bypass could have grave consequences for the Park, and I would ask that you carefully consider the broad range of impacts such an alignment would have on the Park and its visitors.

An Environmental Impact Statement on this project, for example, should consider this project's effects on the Park's many natural resources. Scientific research has proven that many animal species cannot survive within the confines of the National Park's boundaries. As an example, mountain lions range over wide territory; desert tortoises generally stay close to home, but may need to travel many miles for genetic transfer. Roads act as barriers to the movement of these animals, as well as the hundreds of other species, either through direct animal mortality or as a physical noise and light impediment.

While some animals, such as rabbits, may not be affected on a population level, others, such as desert tortoises, suffer significant impacts to population and genetic transfer when a single animal is killed, due to their naturally low reproductive rates. This bypass would effectively block all animal migration from the Tucson Mountains to the west. We would expect the result to be significant impact on large mammals, including mountain lions, in that area.

In addition, road construction and the traffic that would use the bypass would be expected to spread invasive and exotic plants into the Park, and could also have an impact on surface water flows and groundwater as well as water and soil contamination. An EIS would also have to take into consideration the adverse impact the bypass would have on visitor use. Our Parks exist for people as well as for the animals. The public comes to Saguaro National Park to enjoy the superlative values for which it was created. A large, heavily trafficked road, such as the one you are proposing, eliminates the possibility of having a quiet experience, since road noise is carried for long distances. Lights from cars destroy our ability to see the stars at night. Emissions put out from vehicles would degrade any experience of clean air and clear views, which are currently a hallmark of Saguaro National Park.

An EIS would also have to look at the impact of the bypass on Park operations. More traffic could well mean an increase in the workload for Park law enforcement and Park maintenance efforts. It would also have to take into account what the effect might be on any undiscovered cultural resources and on ethnographic resources, including impact on tribes affiliated with the area, especially the Tohono O'odham, who maintain a saguaro fruit harvesting camp in the area.

As you can see, the range of impacts and considerations is quite broad, and I don't believe that this list is exhaustive. I urge the State Transportation Board to reject the proposed alignment of the I-10 Bypass through the Avra Valley Corridor. The potential adverse impact on Saguaro National Park causes all great concern and triggers serious consideration of other alternatives to this bypass corridor.

Thank you.

CHAIRMAN SCHORR: Let me clarify what we're doing here. We will have one more speaker and that will be the end.

JOHN WINDES: My name is John Windes, and I'm a habitat specialist with the Arizona Game and Fish Department. I'm here representing that Department today.

I have a letter here from our Director to Director Mendez that we sent, and I'm going to read it into the record if you'll indulge me:

"We are grateful for the opportunity to provide comments on the I-10 Bypass Follow-Up. As you are aware, the Arizona Game and Fish Commission has taken a position in opposition to all routes identified in the Phoenix-Tucson I-10 Bypass Study accepted by the State Transportation Board in January of 2008.

"The Commission's position has not changed. The Arizona Game and Fish Department has reviewed the I-10 Bypass Study follow-up, Tucson Metro Area Draft Report, dated October 16, 2008. The Department understands that two alternatives were studied, one upgrading the existing corridor through the Tucson Metro Area through the construction of a six-mile elevated or 'stacked' roadway structure, and two, long-term development of an alternative route to I-10, referred to as Route 4, also known as the Western Corridor or Corridor H.

"The Department agrees that there may be a future need to increase the capacity of I-10, but disagrees that Route 4 or any additional route bypassing the Tucson Metro Area is necessary or preferable to increasing the capacity within the existing footprint of I-10, given the potential negative impacts of Route 4 on wildlife and habitat.

"The original Phoenix-Tucson I-10 Bypass Study, page 333, finding H, states: 'Corridor H would provide more traffic relief to I-10 and Tucson than any of the east segment alternatives; however, given the longer distance and out-of-direction travel, it would not divert I-10 through traffic. It would appear to be that increasing the capacity of the existing footprint would provide the best solution.'

"Also, finding #7 states: 'Corridor H may encroach upon the Tucson Mitigation Corridor for a two-mile stretch adjacent to the Tohono O'odham Indian Reservation. The possibility of a land exchange should be explored if this corridor is to be considered further.'

"Please note that if this option is to be explored further, the Department requests to be coordinated with and the opportunity to conduct a Wildlife Impact Analysis in the stated Mitigation Corridor. The cumulative impact of developing new transportation infrastructure to rural ends will have the effect of a catalyst for urban, suburban, and exurban development. The Department does not find the I-10 Bypass proposal to be consistent with smart, thorough, and sustainable planning principles.

"The Department therefore requests that the State Transportation Board not accept the I-10 Bypass Study Follow-Up before careful and accurate comparison of costs between a stacked freeway and the proposed bypass can be presented to the public. In addition, the report should carefully re-examine the cost associated with impacts on Arizona's wildlife resources. The Department is willing to assist in this analysis, and asks that we be intimately involved in all of ADOT's future planning efforts regarding Interstate 10."

Thank you.

CHAIRMAN SCHORR: I would ask that you all re-examine the motion that the Board has adopted today. In large measure, it incorporates a lot of what you all have said, with respect to

further studies to see if this is environmentally feasible. I am going to ask that you please not comment in the audience and allow me to finish, or any of the other Board members who have comments.

The motion that has been passed by the Board asked us to conduct a Major Investment Study, which will involve coordination with all the jurisdictions and agencies in the region, including all the jurisdictions and agencies that have spoken this morning: Game and Fish, BLM, and all the other alphabet agencies in the audience. It requires us to coordinate with them. We will also involve every local jurisdiction.

The Board today has not voted for this bypass. We are simply saying that we need to do a comprehensive study of the possibilities that exist for transportation through Phoenix and Tucson. If this one doesn't work, it will be abandoned, just like the other two were abandoned. What this Board has chosen not to do is refuse to open its eyes to the possibility of continuing the planning of transportation needs between the Phoenix and Tucson metropolitan areas. We need to keep doing that. If we choose to put our heads in the sand, as this community did for many years, we'll end up in the unenviable position we're in today, with major gridlock threatening us at almost every juncture. Again, we have not voted for a bypass today. We have voted to continue studies in a large framework to consider all the options. As the Board gets into this in the future, it will involve all the jurisdictions, agencies, and people who have a stake in the outcome of this.

Thank you very much, and I think we're going to move on to our next item. Ladies and gentlemen, if you would please take your comments outside so we can move on, we would appreciate it.

ITEM 11: FRAMEWORK FUNDING – FEDERAL MATCHING GRANT – Rakesh Tripathi

RAKESH TRIPATHI: Mr. Chairman, members of the Board, the next Item is good news that you already know, and that is that we've received a \$1 M Federal Railroad Administration grant to study rail in a more comprehensive manner.

This \$1 M grant the department has received to study rail between Phoenix and Tucson is to take the other studies we have done, Phase 1 and Phase 2 rail studies, toward a more environmental process – Phase 1 of the Environmental Impact Statement. As you have passed a motion for the previous Item to look at this entire corridor in a comprehensive manner, my recommendation is that this funding be made part of that MIS/EIS process, and the Board allocate \$1 M to match the federal grant in order to set the framework for the MIS and EIS to go forward.

Let me put it this way: with the MIS, you have the rail and other transportation options that will be studied with respect to the NEPA process. We have funding for the rail part, for which the \$1 M that you would be matching will look at interconnections between the rail and highway systems, and how they operate in terms of the MIS. Having said that, my recommendation is to approve the \$1 M match for this process.

CHAIRMAN SCHORR: Are there any questions for Rakesh?

RICHARD TRAVIS: Mr. Chairman, I'd like to clarify that the funding to match the grant is part of the framework study, not part of another study. Is that correct, Rakesh?

RAKESH TRIPATHI: It's the environmental process. Because the MIS studies highway and rail and other interconnects, to study the whole thing we have to look at the interconnection between the highway system and the surface transportation system in terms of both rail and highways. Yes, it has a connection to the framework process as well, because the Board has sanctioned frameworks, in terms of rail frameworks. While we're looking at statewide frameworks, on a bigger picture there are also certain elements of the frameworks we've studied through Phases 1 and 2 of the high-speed rail study. This will be a much more detailed study of a corridor that has been identified through a larger framework that we have already begun to examine.

DEPUTY DIRECTOR TRAVIS: Mr. Chairman, I just wanted to make it clear for the Board that we have already received the \$1 M FRA grant, and at the Board meeting in Wickenburg you asked if the funds you approved could be used to match. We found that of the \$3.5 M that you approved, \$2 M was to extend the framework study, and \$1.5 M was for studying how rail would impact the roads through the framework. That wasn't enough that could be matched, for the grant, to do the rest of the State in the study. So this would be enough to match the grant to do the rest of the State's study. This would be to match the grant to do the frameworks.

FELIPE ZUBIA: I've got a question on that – I thought the grant coming from the State and the feds was specifically to look at the corridor between Tucson and Phoenix, not for the whole state. By tying it to frameworks, it sounds like it's bloating the statewide frameworks.

DEPUTY DIRECTOR TRAVIS: No, Mr. Chairman, what we're trying to do is prevent that. If we had used the \$1 M, as you had suggested in Wickenburg, to match the grant, we'd only have a few thousand dollars to do the rest of the study.

FELIPE ZUBIA: So the money we approved in Wickenburg is for the whole State, and the \$1 million we're discussing today is specifically for the Tucson-Phoenix corridor.

DEPUTY DIRECTOR TRAVIS: Exactly.

DIRECTOR MENDEZ: Mr. Chairman, just one more clarification – I think the Board, for the record, should ensure that we're talking specifically about the match for the FRA grant, and this is not part of the MIS that was discussed on the previous item. They will be coordinated, but we cannot co-mingle MIS with the statewide framework study Mr. Zubia mentioned, or the FRA grant. Obviously, everything must be coordinated, but I would make sure of specificity on what you're doing with the \$1 M.

CHAIRMAN SCHORR: Was a motion made? Do I hear a second?

[**Motion**, moved by FELIPE ZUBIA and seconded by VICE CHAIR HOUSEHOLDER, to approve the \$1 in matching funds. In a voice vote, the **motion** carries unanimously.]

ITEM 12: EXPEDITING PROJECT FUNDING – Rakesh Tripathi

CHAIRMAN SCHORR: I believe Item 12 was discussed during our Study Session, or perhaps not?

RAKESH TRIPATHI: We did look at it as part of the Study Session. I gave you a background, and also, a memo was sent to the Board members. My recommendation would be that the Board approves the pilot project to use additional local participation as selection criteria, as mentioned in the memo. Also, I would recommend that we come back and give a report next year on our experiences in terms of its pros and cons.

CHAIRMAN SCHORR: This is a follow-up to the matter we discussed in the Study Session, and there is a recommendation from Staff. Is there a motion to implement this plan?

CHAIRMAN SCHORR: Motion made by Mr. Montoya. Seconded by Mr. Flores –

JOE ACOSTA: Hold it. Let's try to get this motion defined a bit better if we could.

BOB MONTOYA: I would like to make a motion to implement the pilot program that would bring--

RAKESH TRIPATHI: That would consider additional local participation as a selection criterion for projects to enter the five-year construction program. The pilot program will be to award 5 points for every 2% of the construction costs that the local jurisdiction would bring to the Department, up to the maximum of 50% of the project's cost.

DIRECTOR MENDEZ: Mr. Chairman, unless I heard – I think you have your numbers reversed. I think you want to award 2 points for every 5%.

RAKESH TRIPATHI: Sorry, that was a transposition there.

FELIPE ZUBIA: Can I [unintelligible] for Mr. Montoya, that the Board adopts the expedited project funding as detailed in the memo dated November 18, 2008, from Rakesh Tripathi?

CHAIRMAN SCHORR: The motion has been restated.

JOE ACOSTA: I'm not sure – I'm concerned about whether the agenda has adequate public notice that actions of this type might be made.

CHAIRMAN SCHORR: The agenda does say "for information and possible action."

JOE ACOSTA: So these are the criteria for the future –

CHAIRMAN SCHORR: I think this is stated quite specifically as Mr. Zubia has re-outlined it. Motion has been made, is there a second?

[The **motion**, made by BOB MONTOYA and seconded by VICTOR FLORES, carries unanimously in a voice vote.]

CHAIRMAN SCHORR: Next is Item 13.

ITEM 13: ROLE OF THE BOARD IN ALLOCATING POTENTIAL STIMULUS FUNDING, AND POSSIBLE COMMUNICATION WITH CONGRESS REGARDING STIMULUS FUNDING – Transportation Board Attorneys

CHAIRMAN SCHORR: We discussed that earlier during the Study Session. We can, if we wish, take action with respect to this, unless we feel we have taken care of this issue during the Study Session. I leave it up to the Board.

FELIPE ZUBIA: I'd like to have further discussion, by way of a Study Session, once the funding is more imminent, sometime next year. I think it's a great discussion, but [inaudible].

CHAIRMAN SCHORR: I'd like to get the Director's comments on it. Victor Mendez has been back there a while and probably has a better grasp on this issue than any of us. Victor, can you give us your insight into this?

VICTOR MENDEZ: Well, as we stated in the Study Session, nothing is in writing, so a lot of what we're hearing is word-of-mouth through a lot of communication with our Congressional delegation and the Governor's consultants, and of course our connections with various associations.

What we're looking at here, in a practical sense, is for our ready-to-go projects to have the obvious result of creating jobs to help the economic situation. My sense, and my advice to the Board, is that we need to have a discussion, and to be prepared for a quick Study Session. We can't wait months on this one; if tomorrow we get the criteria, we've got to be prepared to post everything properly and right away, as this will move very fast. A lot of discussion on this will probably occur, very quickly, in late January or early February 2009, so we need to be prepared. As I mentioned earlier, what I'd need from you all is to prioritize a list of projects we could do quickly.

My other advice would be once we begin bidding projects that we would, once again, hold "special award meetings" or emergency meetings to award the projects. Again, we cannot wait for months on these projects. I think we can demonstrate to Congress, and the taxpayer, that we're wisely utilizing funds and doing it properly. Again, we need to move quickly on this – we simply don't have enough written direction or criteria right now to have that discussion.

CHAIRMAN SCHORR: And when that happens, it's going to happen very fast.

VICTOR MENDEZ: It'll happen very fast.

FELIPE ZUBIA: On that note – again, we can either continue this matter at a date to be determined, or if anyone wants to make a more specific request, five to ten days of receiving word from Washington, D.C. on the stimulus money, for example, that the board meet.

CHAIRMAN SCHORR: We can do that, or I would recommend, as we said earlier in the Study Session, that the State Engineer discuss this in more detail with the respective COGs throughout the State, and continue to get their input, and try to put into the mix any project that could possibly be eligible, providing that project is a worthwhile project and would meet the shovel-ready characteristics we've talked about.

Again, we should make this as expansive as we can. If certain projects don't qualify because of conditions that are going to be set, that's one thing. I'd pay particular attention to the comments of the Mayor of Prescott and the letter he wrote to the Board recently, which I thought was deserving of serious consideration, and also the comments of the Town Engineer of Oro Valley, who had expressed similar concerns.

I hear no comments, so let's table this matter until the next meeting, with the understanding that it may require immediate action upon notice, and we may have to hold a special meeting telephonically or otherwise. I don't believe this requires a motion.

ITEM 15: 2009 DRAFT BOARD MEETING & PUBLIC HEARING DATES AND LOCATIONS, STUDY SESSIONS TO BE SCHEDULED AS NEEDED – Richard Travis

CHAIRMAN SCHORR: Is there any discussion?

Hearing none, is a motion in order?

[The **motion**, moved by VICE CHAIR HOUSEHOLDER and seconded by BOB MONTOYA, carries unanimously in a voice vote.]

PRIORITY PLANNING ADVISORY COMMITTEE (PPAC)

CHAIRMAN SCHORR: Items 16 through 39 are, I believe, subject to being handled in one motion.

RAKESH TRIPATHI: Yes, sir, that's your prerogative, if you wish.

CHAIRMAN SCHORR: Would the Board like to deal with these Items all in one motion? Then I'll entertain a motion.

[The **motion**, moved by BOB MONTOYA and seconded by VICE CHAIR HOUSEHOLDER, carries unanimously in a voice vote.]

CHAIRMAN SCHORR: We are then on to Item 51, the State Engineer's Report.

STATE ENGINEER'S REPORT

FLOYD ROEHRICH: Thank you, Mr. Chairman. We'll run through this quickly.

Currently we have 88 projects under construction, totaling nearly \$1.5 B. Of that, there's close to \$500 M left in work to be accomplished. We did close out one project in November 2008, which brings our closeout total to 29 projects for the year.

Now I'd like to move on to projects to be awarded this session. There are three projects, and all projects will require separate action due to their nature.

Item 52, the first project, is located on SR-87, and the project is to extend shoulder widening and other safety measures. We received ten bids, all under the Department's estimate, so we're reviewing the apparent low bidder and the elements of his bid.

We see that there are a number of key areas. We're now starting to see a reduced cost, with the price of oil and asphalt contributing to these savings, and that's reflected in the bid we've received here. We've analyzed this bid and talked it over with the contractor, and feel that it's a competent bid. At this time I'd like to recommend that the Board award this project.

CHAIRMAN SCHORR: Let the record show that I am recusing myself from this vote. Delbert, would you do the honors?

VICE CHAIR HOUSEHOLDER: Do I have a motion to approve the bid for Item 52?

[The **motion**, moved by FELIPE ZUBIA and seconded by VICTOR FLORES, carries unanimously in a voice vote, CHAIRMAN SCHORR recused.]

FLOYD ROEHRICH: Item 53 is a project in the City of Glendale. It's part of the extension of their connected street management system, a small project of about \$1.7 M. This bid came in at 46% under. In reviewing that bid with the City, we feel that it is a competent bid. Again, we are seeing quite a bit of savings here on materials and supply costs, given the current economic situation. In addition, the apparent low bidder is a contractor who has been doing the extension throughout the City of Glendale, and is very familiar with this project and is ready to continue on with its next phase. We feel we have a competent bid, and I'm recommending award of this project.

CHAIRMAN SCHORR: Any discussion?

[The **motion**, moved by VICTOR FLORES and seconded by FELIPE ZUBIA, carries unanimously in a voice vote.]

FLOYD ROEHRICH: The last one, Item 54, is a project in Santa Cruz County. Again, we received bids that were 30% under the Department's estimate. In reviewing that project, we're seeing the extension of a multi-use path and the creation of some amenities within the area. The cost savings we're seeing are reflective of two basic elements – this is a local contractor in the area who has the equipment and personnel ready to start, and again, savings related to certain supplies and materials that have fallen. We've reviewed this project and feel we have a competent bid, and I recommend award of the project.

CHAIRMAN SCHORR: Any questions or comments?

[The **motion**, moved by VICE CHAIR HOUSEHOLDER and seconded by BOB MONTOYA, carries unanimously in a voice vote.]

FLOYD ROEHRICH: Thank you, Mr. Chairman.

ITEM 55: COMMENTS AND SUGGESTIONS

CHAIRMAN SCHORR: The Board now has the opportunity to suggest items they would like to have placed on future Board meeting agendas.

BOB MONTOYA: Mr. Chairman, I believe I sent you an email – I would like to have a tutorial on how the bid process works, and any laws or policies affecting that so we can better understand how that works.

FLOYD ROEHRICH: Yes, sir, I have received your request. We have prepared that, and we are prepared to present it at the next Board meeting, or subsequently, as you might recommend.

FELIPE ZUBIA: I support that request. Also, if we can in the future, I'd like to go back to the Thursday Study Sessions, prior to the Friday meetings. That seemed to work a lot more efficiently. Again, just a suggestion.

CHAIRMAN SCHORR: We now need a motion for approval of the Consent Agenda.

[The **motion**, moved by BOB MONTOYA and seconded by VICTOR FLORES, carries unanimously in a voice vote.]

CALL TO AUDIENCE

CHAIRMAN SCHORR: I have numerous slips here for the Call to the Audience. I'm sure many of those people have left. Is there anyone in the audience that would like to address the Board? Please step forward, and give your name.

FRED HIGHTON: My name is Fred Highton, and I'm a citizen. I have a few comments on the bypass. I'd like to ask whether we really need a bypass. I know the Board doesn't have a crystal ball, but we have this energy crisis, and I think in the future that driver efficiency will de-emphasize truck driving and emphasize rail, so building the bypass for truck traffic will not really be necessary. I know your consultant felt differently, but with the energy situation the way it is, that won't be the case and truck traffic will have to go to [unintelligible]. The traffic will move to the rail, and then there will be a much smaller truck total.

The other point is, with the electronics in the car, cars will be very different in 10 years' time, with more intelligence built into the vehicles. I believe vehicles will be able to sense every other vehicle on the road, and managing the traffic on the freeways will be much easier, so the crunch you anticipate may not be as bad as you think, partly because the truck traffic won't be there and also because the vehicles will be smaller and will know what the other traffic is doing.

The other point that was raised was the fact that Tucson only has one freeway, which is really the big problem. If we could have another freeway through Tucson...[inaudible] I know people will want to reject it because it's noisy, but we have to bite the bullet. Where you need to put money is on the rail passage. I'm not sure about passenger traffic [inaudible]. The cross-town freeway could be built up, so it might take less right-of-way. As for noise abatement, in Tokyo the roads are built up with noise barriers, so that could be handled quite easily. I don't know what the cost would be, but you could put a tunnel under Tucson – my guess is that would be prohibitive.

CHAIRMAN SCHORR: Thank you very much.

RICH GAAR: Good morning, Mr. Chairman and members of the Board and ADOT Staff. For those of you that don't know me, I'm Rich Gaar, Executive Director of the Southeastern Arizona Governance Organization, and I'd just like to wish you Merry Christmas, happy holidays, and thank you for all the work you've done for us in the past.

I'd also like to talk about the stimulus, or "economic recovery package." We're worried that there are so many requests going on, such as shovel-ready, 120 days, and other clarifications on the list, I'd like to say, Chairman Schorr, you were dead-on in your advice and direction to ensure all will be represented. I talked to Victor, and I know that we're moving the right way. Please remember the rurals. We can help you cull through some of those "bridges to nowhere" and help you get to the meaningful projects.

ELIZABETH ALVAREZ: My name is Elizabeth Alvarez, and I'm here representing Kitt Peak National Observatory. We're the only federally funded research and development center in Arizona. Our [unintelligible] alone has upwards of two dozen telescopes on it, representing over 30 institutions across the nation, including universities and institutions that partner with us in research from around the world and all throughout the U.S.

I wanted to ask for a discussion with you, whether this Board has yet received a report by the Arizona Department of Commerce and the Arizona Arts, Sciences, and Technology Academy. It was released in January 2008 and was about the economic impact of astronomy in Arizona. Is that something you've received a formal presentation on?

CHAIRMAN SCHORR: I don't recall that we have.

ELIZABETH ALVAREZ: This won't be such a presentation, but I'd encourage you to learn more about this, and here's a summary as to why. The study looked at arts, space and planetary sciences, Association Commission to the UA, to look at the economic impact.

In the past, our sector was looked at as one for the public good, a non-commercial sector, but what came out of this study was that it operates in a commercially beneficial way for the State. We have well over \$1 billion in land infrastructure invested in this industry. We receive an annual economic return to this State of over \$250 M. This is an industry that stays in the State and brings continued economic benefit, not just in economic return but in terms of the research industry and all the offshoots of that, such as the optics industry and educational offshoots. There are many benefits.

This study came out of a recommendation that we work with the State agencies and leaders to establish an agenda to remain a world-class industry and to advance that in the State, just as you would do for technology or biosciences. Next year, in 2009, the United Nations has identified that year as the International Year of Astronomy. You'll see a lot of things happening that will help our State a great deal. But throughout the world, they're going to look at sites and identify those worthy of special protection – World Heritage Sites. I would hope that we identify some of our unique areas in Arizona. Through our work with the State over decades, we've established lighting codes and best practices that really help maintain a wonderful resource here.

We still have a lot of work to do. Transportation issues include the I-10 Bypass in an area already marked for special protection, and making sure all our highways have full "cutout" lighting that doesn't have lights on the horizontal. These are two of many issues I hope our Transportation Board, ADOT, and our State will pay serious attention to over the next year. Thank you.

CHAIRMAN SCHORR: Anyone else?

ANNA LANDS: I represent the Cascabel Working Group. Most of us live in the middle and lower San Pedro Valley area, an area you had considered as a possible bypass route, and we were very glad you rejected it. From the outset, the Cascabel Working Group has stated our opposition to any roadway bypass. We reiterate this opposition and join others in recommending that you not determine that there be a bypass to [inaudible]

CHAIRMAN SCHORR: Thank you. Sir?

PETER ELSE: My name is Peter Else and I'm from eastern Pinal County. I'd like to suggest one thing about the I-10 Bypass Study that I've been following the last several years. I think a lot of these studies, especially in the west, may make a systematic error in estimating ridership on mass transit. This is because in order for mass transit to work, it has to be faster to commute to work by mass transit than it is to take your personal vehicle. As a result, I think one option that should be considered is to let Pima County stew in its problems for a while in order to make the incentive for mass transit relevant. Our real problem, as we found out from the I-10 Bypass Study, is not through traffic – the problem is the bedroom communities that are strung along I-10 and I-19.

So if it does indeed turn out that this Avra Valley plan has a fatal flaw, I think this is an opportunity to make a transition from a car-dominated culture to one that recognizes what many other major urban centers of the U.S. have come to recognize, and that is when mass transit becomes faster than personalized vehicles, it will be used, and in far greater numbers than have been estimated by these studies so far. Thank you.

CHAIRMAN SCHORR: Who's next, please?

JOE HUSBAND: Mr. Chairman and members of the Board, and Staff, I'm Joe Husband from the Arizona Airports Association, and I thank you once again for the opportunity to come before you. As mentioned, we have committed to keeping the Board up to date on issues regarding airports, which is a critical part of our infrastructure, as you have long realized. I'd

like to thank you for your continued support of and commitment to our airport system within the State, and just give you an update on what's going on.

First, our President, Mr. Wiss, could not be here today, but sent a letter to the Board, thanking you for the opportunity to work with ADOT on the plan that was approved here today. It's quite true that it's a tough plan for us all; we want to thank Director Mendez and Director Dick for their cooperation throughout.

There's been much discussion of the economic recovery program, and the Association will be quite involved with that and has amassed our own report from around the State from our membership, on projects that may qualify for inclusion or participation. I'd be happy to share that report with the Board if you so desire, although I don't have it with me today. I'll be happy to send it to you.

We've communicated with the FAA as well, and are fairly certain that any stimulus program will come through the normal channels and established procedures. So we had the opportunity to work with transportation elements and stakeholders from other entities around the State, and we're hopeful that something will happen. Because of the continuing reauthorization of the FAA as well as the sweep of the Aviation Fund, we've had to defer programs and projects that are all ready to go. We, like any other group, are poised and ready to participate.

We're getting ready to start our State Legislative efforts this year, as the session begins shortly; we've updated our one-page summary, which I'll be happy to transmit electronically to you. It gives some economic impact and employment information, and information about airports around the State as well.

I have transmitted, as promised, a letter of invitation to the Board to participate in Arizona Aviation Day at the State Capital on January 21, 2009. I also will let you know that our airport community here in Arizona lost a great member, Matt Spitz, who was an airport manager at Coolidge who passed away after a long illness. He was a great member of our community.

That's all I have to share with you at this time, other than thanks again for your continued support, and I wish you all a happy holiday season.

CHAIRMAN SCHORR: Thank you. Does anyone else wish to address the Board?

ROBERT NORVILLE: My name is Robert Norville, and I've lived in Tucson for 18 years. I just had a short comment about the I-10 Bypass: the added expense of \$700-\$900 M to build a double-stacked system would be well worth the investment to protect our wilderness areas in Avra Valley. Please come out to Saguaro National Park to see just what we would be compromising with the Corridor H plan. Thank you.

CHAIRMAN SCHORR: Thank you. Our next speaker is Annie McGreevy.

ANNIE MCGREEVY: Chairman Schorr and members of the Board, I'm head of Friends of Scenic Highways 82 and 83. We have a big problem, as I think you've heard before, with

"wide loads." We get stopped by oversize loads six to 12 times a day coming down our route to avoid bridges.

We're going to have construction starting in August 2009 to fix a dangerous curve on Highway 83, so when that starts, they're talking about closing one lane at a time. We're wondering how ADOT will manage sending loads that are wider than one lane down that highway during this time. Perhaps fixing Marsh Station first will work – I hear the bids will be opened in February 2009.

On the subject of the bypass – has the Staff considered widening through Tucson to use the current frontage roads that are already there? This might avoid some of the problems we have heard about today.

CHAIRMAN SCHORR: Thank you. Are there any further speakers? Please come forward.

UNIDENTIFIED SPEAKER: Hi, I'm [inaudible, name not on Request for Public Input Forms]. I just came up Scenic Highway 83 and we were stopped twice. The real question for me is why these wide loads aren't going through in groups or a convoy, which would limit the number of police officers necessary to escort them. Perhaps time of day could be considered as well. In addition, some of these loads seem to be over height and cannot clear the Marsh Station Bridge.

The other issue I'd like to bring up is that the "Big Dig" in Boston was quite a success, and I'm interested to see what proposals the Board or Staff might come up with for an express lane or tunnel under the existing right-of-way that would perhaps extend from milepost 268 north. It would seem that with all the talent we have in this State, this could be a viable option and we wouldn't see the continuing sprawl out into the desert. Thank you.


CHAIRMAN SCHORR: Thank you. Is there anyone else who would like to address the Board? Seeing or hearing no one else, our next item is adjournment.

[The **motion** for adjournment, moved by VICE CHAIR HOUSEHOLDER and seconded by BOB MONTOYA, carries unanimously in a voice vote.]

Adjourned 12:20 p.m.



SI SCHORR, Chairman
State Transportation Board



VICTOR MENDEZ, Director
Arizona Department of Transportation